

Tulip UK Holdings (No.2) Limited Section 172 Statement 2019-20

This report sets out how the directors have had regard to the matters set out section 172(1)(a) to (f) when performing their duties under section 172 of the Companies Act 2006. This requires directors to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so have regard (amongst other matters) to:

- (a) The likely consequences of any decision in the long term;
- (b) The interests of the company's employees;
- (c) The need to foster the company's business relationships with suppliers, customers and others;
- (d) The impact of the company's operations on the community and the environment;
- (e) The desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) The need to act fairly as between members of the company.

The Company is an investment holding company in the Tata Steel Europe (TSE) Group and a subsidiary in the TSE and Tata Steel Limited (TSL) Groups. Oversight of the TSE Group is carried out at TSE Board level which is responsible for setting strategic priorities, supporting stakeholder engagement including communication with the Company's ultimate parent company, TSL, in India.

As is usual with large companies, the TSE Board delegates authority for day-to-day management of the TSE Group to an Executive Committee, led by the Chief Executive Officer, who set, approve and manage the execution of business strategy. Two TSE Executive Committee members (Chief Financial Officer and Director Legal & Company Secretary) are directors on the Board of the Company. In addition, two TSE Executive Committee members (Chief Executive Officer and Chief Financial Officer) are directors of the TSE Board.

Certain governance responsibilities relevant to the TSE Group, are delegated by the TSE Board to Board committees (Audit, Remuneration, Pensions) which support the Board in carrying out its duties. The committees comprise TSE executive and non-executive directors to provide appropriate external perspective and challenge. A TSE Board Covid-19 committee was established in April 2020 to support management response to the global coronavirus pandemic.

The TSE Group promotes high standards of corporate governance throughout the organisation and the Company's Board upholds these standards. For the year ended 31 March 2020, the TSE Group, including the Company, has applied the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council in December 2018 and available on its website). These new corporate governance reporting requirements apply to companies reporting for financial years starting on or after 1 January 2019. A corporate governance statement can be found in the TSE Report and Accounts.

As it is a holding company, the Company's Board holds meetings when required to consider the impact of key proposals and material matters affecting the Company. These relate mostly to financial matters

such as approving annual report and accounts, refinancing and equity issuances, and to administrative matters, such as appointment of new directors.

New directors inducted into the Company are made aware of their directors' duties, including section 172(1) of the Companies Act, 2006. Induction materials are refreshed and made available to all directors via a Board portal.

With regard to section 172(1)(a), to aid the TSE Group's objective of long term financial independence, in September 2019, the Company's Board approved debt restructuring including the issuance of new equity in Tata Steel Europe Limited, and a subscription of shares in subsidiary Tulip UK Holdings (No.3) Limited. In October 2019, the Company's Board approved the issuance of new equity in Tata Steel Europe Limited to fund repayment of external debt under the Senior Facilities Agreement. In December 2019, the Company's Board approved arrangements in relation to a new Senior Facilities Agreement which completed in February 2020 and in relation to which no repayment is required for 5 years.

With regard to section 172(1)(b)-(f), given it is an investment holding company usually carrying out financial or administrative activities, the Company has limited stakeholders (eg shareholders and banks) as compared to its principal operating subsidiaries in the UK and Netherlands or its parent, TSE, who have a wider group of stakeholder interests to consider. TSE Group policies will apply to the Company, including compliance policies. Further disclosures with regard to direct stakeholder impact of group companies are included in the TSE Report and Accounts for the year ended 31 March 2020.

The Company's Board is conscious of the impact its business decisions have on its stakeholders and those of the TSE Group (including shareholders, employees, pensioners, subsidiaries, banks and Government bodies) as well as the wider impact on society. The Board recognises that given the complexity of the TSE Group not all decisions taken will align with all stakeholder interests. Accordingly, the Company's Board has taken decisions in the year that it believes best support the Company's strategic objectives.